

1 June 1965

MEMORANDUM FOR: Chief, Economic Research, CIA

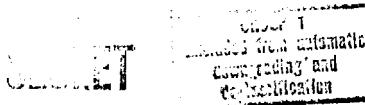
SUBJECT : Request for Study on the Implications of the Soviet Decision to Build Automobiles in Quantity

1. Mr. Anthony Solomon, Assistant Secretary of State for Economic Affairs, called this morning to request that we do a quick study on the implications of the Soviet decision to mass produce automobiles. The question is what effect this decision will have on the use of resources over a period of time. The question arose at the Tuesday meeting of the Senior International Group with Mr. Foster making the initial request to Admiral Raborn.

2. Clearly what Foster has in mind is not only the impact of the initial decision on investment allocations in order to construct more automobiles but the secondary effects on steelmaking and other industrial supporting facilities and the territory effects on road construction, service station requirements, etc. In addition to the Fiat deal, the New York Times this morning reported that Renault would greatly expand the Moscow plant to a capacity of 300-350 thousand vehicles by 1970 compared with present output of 60-90 thousand. If all existing plans go through, the Soviets will be producing a million cars a year or more in the 1970's.

3. Mr. Solomon would like the study to be as statistical as possible with quantitative estimates to the extent these can be provided within the time frame in which the study must be completed. He would like the study within a week to 10 days, preferably within a week which means sometime between the 8th and 10th of June.

4. The use that this study will be put to is not only for the immediate question of the Export-Import Bank loan but also the question of the export of a steel mill from the U.S. and general assistance on East-West trade policy. Mr. Solomon stated that it would be highly desirable for the study to be unclassified or for an unclassified version to be prepared so that it could be released



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by the President to the Congress and to the press if desired. It may not be possible to say very much about the defense implications on an unclassified basis, although that certainly could be mentioned.

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MEMORANDUM

SUBJECT: Meeting of the Interagency Southern Rhodesia-Zambia Problem and Plans Group on 31 May (31st)

1. The chairman, Mr. McElhiney, AF/E (State), presented a brief rundown on the present situation. He attempted to clarify the confused Zambian-Rhodesian railway issue, and there was a general discussion with no new information forthcoming. The Department of State continues to urge moderation on Zambian officials.

2. Mr. McElhiney reported that, based on the private statements and activities of the African UN representatives, there is no unity in African ranks on the Rhodesian question and that the Africans do not know what to do next.

3. The chairman also reported that Zambia is increasingly thinking in terms of an airlift to fly out copper, but that Zambian officials are still inquiring about planes and facilities rather than asking US government officials for direct help.

4. Mr. McElhiney raised the question of whether the weekly meetings should be continued. In the absence of any strong opinions either way it was decided to hold them for at least a few more weeks.

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Chief, Africa Division
Office of Current Intelligence

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